



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

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FRANKFORT, KENTUCKY 40602
(502) 564-3940

May 27, 1998

Mr. Maxie E. Higgason Jr.
Higgason & Hoskins
109 West First Street
Corbin, Kentucky 40701

Dear Mr. Higgason:

Commission Staff is in receipt of your letter of May 20, 1998 in which you request information on the method and manner for obtaining approval of the payment of compensation to the commissioners of Cumberland Falls Highway Water District.

KRS 74.020(6) addresses the subject of compensation for water district commissioners. It provides:

Each commissioner shall receive an annual salary of not more than thirty-six hundred dollars (\$3600), which shall be paid out of the water district fund. In the case of single-county districts, which shall be deemed to include districts described in paragraph (c) of subsection (1) of this section, the salary shall be fixed by the county judges/executive with the approval of the fiscal court; in multicounty districts, it shall be fixed by the agreement between the county judges/executive with the approval of their fiscal courts. In fixing and approving the salary of the commissioners, the county judge/executive and the fiscal court shall take into consideration the financial condition of the district and its ability to meet its obligations as they mature.

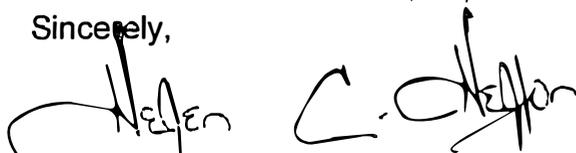
Before any compensation may be paid to the commissioners of Cumberland Falls Highway Water District for performance of their duties, the matter must be submitted to Whitley County Fiscal Court for its approval. Please note that, while the Public Service Commission reviews the level of commissioner compensation when establishing a water district's rates for water service, its approval of the level of commissioner compensation is **not** required.

For your reference, I am enclosing a copy of House Bill 75 which amends KRS 74.020 and which becomes effective on July 15, 1998.

Maxie E. Higgason Jr.
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Any questions regarding this letter should be directed to Commission counsel
Gerald Wuetcher at (502) 564-3940, Extension 259.

Sincerely,

A handwritten signature in black ink, appearing to read "Helen C. Helton". The signature is stylized with a large initial "H" and a long, sweeping underline.

Helen C. Helton
Executive Director

gw
Enclosures

AN ACT relating to water districts.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. KRS 74.020 is amended to read as follows:

- (1) A water district shall be administered by a board of commissioners which shall control and manage the affairs of the district. The term of each commissioner is four (4) years, except as provided in this section:
 - (a) If a district lies wholly within a single county, or operates as a single-county district, as provided in paragraph (c) of this subsection, the board of commissioners shall be composed of either three (3) or five (5) members as the county judge/executive shall determine. Members of the board shall be residents of the district, or of any incorporated or unincorporated area served by the district in the county in which the district was originally established, who shall be appointed by the county judge/executive with the approval of the fiscal court. If two (2) or more water districts within a single county merge as described in KRS 74.361, the county judge/executive may appoint up to two (2) additional commissioners with the approval of the fiscal court. Initial appointments shall be for terms of two (2), three (3), and four (4) years, as designated by the court.
 - (b) Except as provided in paragraph (c) of this subsection, if a district formed in a single county extends its area to include territory in an adjacent county, as provided by KRS 74.115, the board of commissioners shall be appointed by the county judges/executive with the approval of the fiscal courts of the concerned counties as follows: in two (2) county districts, three (3) members from the original district and two (2) members from the extended portion of the district; for extensions into three (3) or more counties, the respective county judges/executive, with the approval of the fiscal courts, shall appoint, in addition to the existing membership of the commission, two (2) members

from the original one-county district and two (2) members from the newly extended portion of the district. Orders establishing the extension shall provide for the staggering of initial terms in an equitable manner.

- (c) If a single-county district administered as provided in paragraph (a) *of this subsection*~~hereof~~ shall acquire an existing water or gas distribution system serving an area which extends beyond the boundaries of the district into another county, or if a district formed in a single county extends its area to include territory in an adjacent county as provided by KRS 74.115, it may operate the distribution system so acquired, or extended, if the area served outside the county shall be deemed to be a minor portion of the total area served by the district, and if the fiscal court of the county containing the minor portion of the total area shall have agreed to the acquisition or to the extension of the distribution system. If less than twenty-five percent (25%) of the total assets of the distribution system are located within the county outside of the boundaries of the district, it shall be conclusively presumed that the district comes within the terms of this subsection.
- (2) A commissioner may be removed from office as provided by KRS 65.007.
- (3) A commissioner who participates in any official action by the water district board of commissioners which results in a direct financial benefit to him may be removed from office as provided by KRS 65.007.
- (4) Vacancies shall be filled by the same appointing authority which is empowered to make the original appointment. Vacancies resulting from cause other than expiration of the term shall be filled for the unexpired term only. Notwithstanding the provisions of KRS 67.710, a vacancy resulting from the expiration of a term shall be filled by the Public Service Commission if, within ninety (90) days following the expiration of the term, the vacancy has not been filled by the appropriate county judge/executive with approval of the fiscal court.

- (5) The commission shall elect a chairman, secretary, and treasurer. Each commissioner shall execute a bond, approved by the county judge/executive, conditioned on the faithful performance of the duties of his position.
- (6) Each commissioner shall receive an annual salary of not more than thirty-six hundred dollars (\$3600), which shall be paid out of the water district fund except that beginning January 1, 1999, each commissioner who completes during an educational year a minimum of six (6) instructional hours of water district management training approved by the Public Service Commission may receive an annual salary of not more than six thousand dollars (\$6,000) to be paid out of the water district fund. An educational year shall begin on January 1 and end on the following December 31. In the case of single-county districts, which shall be deemed to include districts described in paragraph (c) of subsection (1) of this section, the salary shall be fixed by the county judges/executive with the approval of the fiscal court; in multicounty districts, it shall be fixed by the agreement between the county judges/executive with the approval of their fiscal courts. In fixing and approving the salary of the commissioners, the county judge/executive and the fiscal court shall take into consideration the financial condition of the district and its ability to meet its obligations as they mature.
- (7) (a) In order to receive an increase in salary as specified in subsection (6) of this section, commissioners shall successfully complete six (6) instructional hours of water district management training annually. The training shall be approved and paid for by the water district of the county the commissioner represents. Those commissioners not required to complete the six (6) instructional hours shall be reimbursed for the cost of instruction if they choose to complete the water district training.
- (b) The Public Service Commission shall be responsible for the regulation of all water district management training programs for commissioners of

water districts, combined water, gas, or sewer districts, or water commissions.

(c) The Public Service Commission shall encourage and promote the offering of high quality water district management training programs that enhance a water district commissioner's understanding of his or her responsibilities and duties. The commission shall, no later than January 1, 1999, establish standards and procedures to evaluate, accredit, and approve water district management training programs.

(d) The Public Service Commission may promulgate administrative regulations in accordance with the provisions of KRS Chapter 13A to implement this section.

(8) A water district that provides health care and pension fund benefits to its water district employees may provide the same health care and pension fund benefits to its water district commissioners. These health care benefits for water district commissioners shall be paid for by the water district.

Section 2. KRS 74.363 is amended to read as follows:

- (1) Boards of commissioners of any two (2) or more water districts may by concurrent action and by approval of a majority of the membership of the board of each merge their districts into one (1).
- (2) Notwithstanding any provisions to the contrary in KRS 74.361(7), in case of a merger under this section, the members of the boards of commissioners of the merged water districts shall serve as members of the board of commissioners of the resulting district, regardless of their normal term expiration, until one (1) year after approval of the merger by the Public Service Commission. Thereafter, the board shall be composed as follows:

- (a) If the boundaries of the resulting district lie wholly within a single county, the board of commissioners shall be composed of between three (3) and seven (7) members as the county judge/executive shall determine.
 - (b) If the boundaries of the resulting district lie within two (2) or more counties, the board of commissioners shall be composed of six (6) or more members as follows: four (4) members shall be appointed by the county judge/executive of the county in which the greatest portion of the population of the district resides; two (2) members shall be appointed by the county judge/executive of the county in which the next greatest portion of the population of the district resides; and one (1) member shall be appointed by the county judge/executive of each remaining county in which a portion of the population of the district resides.
- (3) Each appointment to the board of commissioners of the resulting district shall be made by the appropriate county judge/executive with the approval of the fiscal court. Each member of the board shall be a resident of the county from which he or she is appointed. The initial terms of the board of commissioners after the merger shall be as follows: approximately one-third (1/3) of the commissioners shall be appointed for a term of two (2) years; approximately one-third (1/3) of the commissioners shall be appointed for a term of three (3) years; and the remaining commissioners shall be appointed for a term of four (4) years. Thereafter, all commissioners shall be appointed for a term of four (4) years. The provisions of sections (2) to ~~(8)~~~~(6)~~ of KRS 74.020 shall apply to all commissioners and vacancies on the board of commissioners.
 - (4) The resulting district shall have all the assets and legal liabilities of the water districts joining in the merger. The separate existences of the water districts joining in the merger, except the resulting district, shall cease, and the title to all real estate and other property owned by the water districts joining in the merger shall be vested

in the resulting district without reversion or impairment. Bonded obligations of any district secured by the right to levy an assessment as provided by KRS 74.130 through 74.230 or secured by the revenue of the systems operated by the district shall continue to be retired or a sinking fund for such purpose created from the tax assessments or revenue from the system operated by the district from funds collected over the same area by the new board of commissioners in accordance with the laws under which the bonds were issued until all bonded obligations of the old district have been retired.

HOUSE OF REPRESENTATIVES

KENTUCKY GENERAL ASSEMBLY AMENDMENT FORM

1998 REGULAR SESSION

Amend printed copy of **HCS TO HB 75**

On page 4, by deleting lines 12-15 in their entirety; and

On page 5, line 20, by deleting "(8)" and by inserting in lieu thereof "(7)".

Amendment No. _____

Rep. Mike Weaver

Committee Amendment _____

Signed: _____

Floor Amendment _____

LRC Drafter: Donna Weaver

Adopted: _____

Date: _____

Rejected: _____

Doc. ID: 981592